

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 386 (Delegate Workman)
Economic Matters

**Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors -
Employment by a Governmental Entity**

This bill provides that an employee or a contractor of a government entity who performs heating, ventilation, air-conditioning, and refrigeration (HVACR) services must be licensed by the State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors.

Fiscal Summary

State Effect: State revenues and expenditures could increase substantially. In addition, the State may need to displace as many as 600 maintenance workers and hire 600 workers licensed by the State Board of Heating, Ventilation, Air-Conditioning and Refrigeration Contractors.

Local Effect: Potential increase in local expenditures for those counties or municipalities that employ maintenance workers who performance HVACR services and who are not currently licensed. **This bill imposes a mandate on a unit of local government.**

Fiscal Analysis

State Effect: The Department of General Services (DGS) advises that there are 261 State owned facilities including colleges, hospitals, airports, and office buildings. The State employs about 1,200 maintenance workers in various classifications who perform HVACR services. The bill requires these employees to be licensed by the State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors.

There are five categories of HVACR licenses: (1) master; (2) master restricted; (3) limited; (4) journeyman; and (5) apprentice. The type of license required by the State's 1,200 maintenance employees would depend on the structure established for HVACR work. However, it is assumed that at least half would require a journeyman license or higher.

An apprentice license authorizes the holder to train under the control of a licensed contractor. The fee for an apprentice license is \$25. If it is assumed that 600 workers are licensed as apprentices, State expenditures would increase by \$15,000 for certain agencies and general fund revenues would increase by \$15,000 for the Department of Labor, Licensing, and Regulation (DLLR). It is assumed that licensing 600 additional apprentices would not substantively alter the operations of DLLR and would not require additional expenditures. In sum, licensing apprentices would not impact on the State's total available funds.

To qualify for a journeyman license, an applicant must have three years of experience as an apprentice licensee under the control of a licensed HVACR contractor. To qualify for a limited or higher license, an applicant must have years of experience under a journeyman license or higher and have worked under the control of a licensed master or master restricted HVACR contractor. Most of the State's maintenance workers would not meet these qualifications now and could not meet these qualifications while employed by the State. In order to comply with this bill, the State would be forced to replace about 600 current maintenance workers with individuals who are already licensed or qualify to be licensed by the State Board of Heating, Ventilation, Air-Conditioning, and Refrigeration Contractors.

It is assumed that the State would incur additional costs to recruit and train new employees and to provide services to displaced workers. In addition, the State's costs could increase if the salaries paid to licensed HVACR workers is higher than the salaries currently paid to unlicensed maintenance workers. Although it is not possible to reliably estimate the costs at this time, the Department of Fiscal Services assumes that these costs could be substantial.

General fund revenues could increase to the extent that the federal government and local public employers license their employees who perform HVACR services and pay the required licensing fees. The amount collected would depend on the decisions made by these public employers, the number of HVACR employees licensed, and the types of licenses issued which cannot be reliably estimated at this time.

Local Expenditures: Expenditures would increase for local employers who employ HVACR maintenance workers. These local employers would need to license qualified workers and pay the required licensing fees or replace current workers with licensed HVACR workers.

Allegany County estimates that its expenditures would increase by \$20,000 in fiscal 1997. One cent on Allegany's property tax rate yields approximately \$119,256 in fiscal 1997. Accordingly, this \$20,000 expenditure increase is equivalent to \$0.002 on the county's property tax rate.

Information Source(s): Department of Labor, Licensing, and Regulation; Montgomery County; Howard County; Calvert County

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Analysis by: Tina Bjarekull
Reviewed by: John Rixey
(410) 841-3710
(301) 858-3710

Direct Inquiries to:
John Rixey, Coordinating Analyst